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NEAR EAST/NORTH AFRICA REPORT

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PROTOCOL CONCLUDED WITH FRANCE TO RENEW TELEPHONE NETWORK

Cairo AL-JARIDAH AL-RASMIYAH [THE OFFICIAL GAZETTE] in Arabic No 1, 1 Jan 81
pp 10-13

[Article: "Decree No 368 of 1980 by President of Arab Republic of Egypt"]

[Text] Decree No 368 of 1980 by the President of the Arab Republic of Egypt approving the protocol on the financial aid to finance the first phase of the project to renew the telephone network, signed in Paris on 20 June 1980 between the governments of the Arab Republic of Egypt and the Republic of France:

The President of the Republic,

After perusing paragraph 2 of article 151 of the constitution, has decided:

(Single Article)

To approve the protocol on the financial aid to finance the first phase of the project to renew the Egyptian telephone network, signed between the Arab Republic of Egypt and the Republic of France on 20 June 1980, with the reservation and on the condition of ratification [presumably by People's Assembly].

Issued at the Presidential Office on 8 July 1980.

Anwar al-Sadat

Special Aid Protocol Between the Government of the Arab Republic of Egypt and the Government of the Republic of France on Financing the First Phase of the Project to Renew the Egyptian Telephone Network:

Out of the desire to strengthen the traditional ties of friendship and cooperation between the two countries, the Government of the Republic of France and the Government of the Arab Republic of Egypt have agreed to conclude this protocol on financing the first phase of the project to renew the Egyptian telephone network:

Article 1. Value and Aim of Financial Aid:

The French Government agrees to advance to the Government of the Arab Republic of Egypt financial aid amounting to a maximum of 600 million French francs to finance

the purchase of French equipment and services for the first phase of the project to renew the Egyptian telephone network.

The financial aid advanced by the French Government shall consist of:

Loans from the French public treasury with a maximum value of 198 million French francs.

Credit facilities guaranteed by the French Government with a maximum value of 402 million French francs.

Article 2. Components of Loans Advanced by French Public Treasury:

The loans advanced by the French public treasury shall consist of:

One hundred million French francs made available in accordance with the present protocol.

Ninety eight million French francs to be made available in accordance with two financial protocols to be concluded later between Egypt and France.

Article 3. Components of Credit Facilities Guaranteed by French Government:

The credit facilities guaranteed by the French Government shall consist of:

Two hundred and three million French francs made available in accordance with the present protocol.

One hundred and ninety-nine million French francs to be made available in accordance with two financial protocols to be concluded later between the two countries.

Article 4. Method of Utilization of Financial Aid:

The financing referred to in article 1 shall be done through the utilization of the public treasury loans on the one hand and the guaranteed credit facilities on the other hand.

A. The value of drawing from the French public treasury loans shall be set at 33 percent of the value of the sum due to be paid in France for the purchases of French commodities and services.

B. Utilization of the French public treasury loans shall be restricted to financing the payments made to the French supplier—payments which will amount to 33 percent of the value of the goods and services from a French origin. The payment made upon the conclusion of a contract shall not be less than 10 percent of the abovementioned value.

C. The guaranteed credit facilities shall cover the value of the remaining financing, amounting to 67 percent of the repayable sum.

Article 5. Methods and Conditions of Utilization of Credit Facilities:

A. An interest of 3 percent shall be payable for the existing commitments of the public treasury loans which shall be consumed [presumably meaning repaid] over (20) years in 40 equal and consecutive semi-annual installments, the first of which shall be due after 126 months after a period of 3 months of the first drawing, regardless of its value [paragraph as published].

B. The interest shall be effective as of the date of each drawing and shall be calculated and repaid at the end of each half of the year.

C. An agreement shall be concluded between the Central Bank of Egypt on behalf of the Egyptian Government and the Credit National Bank on behalf of the French Government to determine the methods of utilization and repayment of the French public treasury loans referred to in article 2.

D. The guaranteed credit facilities shall be repaid in 20 equal and consecutive semi-annual installments, the first of which shall be due after 6 months of the initial takeover of the telephone network.

The same commercial contract or credit agreement shall also set the maximum period to elapse between the conclusion of the contract and the start of repayment of the credit facilities. The interest rate payable for these facilities shall be 7.5 percent and in accordance with the conditions applying to the credit facilities guaranteed by the French Government.

E. The credit facilities currency and the repayment currency shall be the French franc.

Article 6. Duration:

To make it possible to use the credit facilities stipulated in article 1, the contract with the French supplier shall be concluded no later than 30 September 1981 and drawing from the public treasury loans shall end no later than 30 September 1985.

Article 7. Method of Use:

The final utilization of the contract on the project to be financed within the framework of this protocol and referred to in article 1 shall be done through a letter exchanged between the trade attache of the French Embassy in Cairo on behalf of the French authorities concerned and the Ministry of Economy of the Arab Republic of Egypt.

Article 8. Transportation and Insurance:

The value of the contracts concluded within the framework of this protocol shall be set on the basis of CIF. However, financing freight [transportation] and insurance shall be done within the limits of the percentage noted in article 4 and through utilization of the guaranteed credit facilities in case the shipping is

done by the French and in case the insurance contract is concluded with a French company.

Article 9. Effective Date of Protocol:

The present protocol shall become effective immediately upon exchange by the two governments of letters indicating completion of the necessary procedures in this regard.

Done in Paris in two identical copies on 20 June 1980.

On Behalf of the Government of the
Arab Republic of Egypt
Dr 'Abd-al-Razzaq 'Abd-al-Majid

On Behalf of the Government of the
Republic of France
Rene Monory

8494

CSO: 4802

MINISTRY OF IRRIGATION REORGANIZED

Cairo AL-JARIDAH AL-RASMIYAH [THE OFFICIAL GAZETTE] in Arabic No 2, 8 Jan 81
pp 87-91

[Article: "Decree No 653 of 1980 by President of Arab Republic of Egypt Reorganizing Ministry of Irrigation"]

[Text] The President of the Republic,

After perusing the constitution;

Law No 47 of 1978 promulgating the state civil service law;

Law No 48 of 1978 promulgating the public sector workers law;

Presidential Decree No 2426 of 1971 establishing the High Dam and Aswan Dam Public Authority;

Presidential Decree No 158 of 1972 establishing the Egyptian Public Authority for Drainage Projects;

Presidential Decree No 827 of 1975 reorganizing the Egyptian Public [Land] Survey Authority;

Presidential Decree No 587 of 1977 reorganizing the Ministry of Irrigation and Land Reclamation;

Presidential Decree No (295) of 1978 amending a number of provisions of presidential decree No 587 of 1977;

Presidential Decree No 208 of 1980 reshuffling the cabinet;

After perusal of the approval of the Council of Ministers;

And in accordance with what the State Council has deemed fit,

Has decided:

Article 1. The Ministry of Irrigation shall be organized as follows:

First, the General Bureau which shall consist of the following administrative sections:

1. The Minister's Affairs Office.
2. The Coastal Protection Affairs.
3. The Planning, Followup and Feasibility Studies.
4. The Financial Affairs and Administrative Development.
5. The Provincial Irrigation Affairs.

Second, the Irrigation Authority which shall consist of the following administrative sections:

1. The Irrigation Affairs.
2. The Horizontal Expansion and Project Affairs.
3. The Nile Water Affairs.
4. The Major Dam and Barrage Affairs.
5. The Financial and Administrative Affairs.

Third, the Mechanics and Electricity Authority which shall consist of the following organizational sections:

1. The Investment Project Affairs.
2. The Affairs of the Lower Egypt [Water] Plants and Pumps.
3. The Affairs of the Upper Egypt [Water] Plants and Pumps.
4. The Financial and Administrative Affairs.

Article 2. The Ministry of Irrigation shall have the following jurisdiction:

A. In the sphere of irrigation, drainage and development of the water resources:

Formulate, plan and implement the water policy in the manner compatible with the requirements of economic development.

Formulate, plan and implement projects for the development of water resources from the Nile and its tributaries and from the various surface, underground, rain and drainage water resources.

Conduct the studies and research necessary to evaluate the underground water stores in the delta, the Nile Valley and the Egyptian deserts, to assess their potentials and to formulate and implement the policy for utilizing these resources.

Formulate, plan and implement the cultivable land drainage policy so that drainage may spread in all the Egyptian lands in a manner that preserves the fertility of the soil and develops the agricultural production.

Regulate and control the distribution of irrigation water and build, operate and carry out maintenance work for major dams, barrages and industrial installations on the Nile, its tributaries, canals, ditches and its irrigation and drainage networks.

Develop and improve the methods of irrigation with the purpose of the ideal use of the available and potential water resources.

Supply island and coastal lands with [word indistinct] irrigation water.

Protect and control the Nile River.

Build, operate and carry out maintenance work for irrigation and drainage pumping plants.

B. In the sphere of horizontal expansion:

Prepare studies on the public irrigation and drainage projects in the horizontal expansion projects.

Determine the sources of irrigation for the horizontal expansion areas within the limits of the available and of future water resources and design and implement public irrigation and drainage canals, the industrial installations they require and the pumping plants in the expansion areas.

Assign the public irrigation and drainage projects in the horizontal expansion areas [presumably to contractors] and supervise the implementation of such projects.

C. In the sphere of land survey activities:

Develop survey and relief maps for the various engineering and construction projects.

Develop detailed survey and topographical maps for the cities and for the cultivable and desert lands and develop and print political [sic] and geographic maps.

Set up (triangular networks with their various degrees).

Lift [sic] the sites necessary for the state's various projects.

Carry out the procedures to expropriate lands and real estate for the public interest.

Carry out the survey works necessary to implement the agrarian reform and land (registration) laws and develop division and distribution maps.

Design, develop and print publications of a highly technical nature.

Develop atlases and issue astrological calendars.

D. Regarding the Nile water:

Implement the provisions of the treaty concluded between Egypt and Sudan in November 1959 on the full utilization of the Nile water.

Represent the Arab Republic of Egypt in technical negotiations with the states located on the Nile Basin to determine the share of each of them of the river resources, make sure that the water shares agreed upon are not surpassed and carry out the responsibility for implementing whatever agreements are concluded in this regard.

Conduct hydrological, hydrometeorology and hydrogeological studies in the Lakes Basin to draw up the broad lines of the new projects necessary to increase the resources from the Nile River and to reduce the loss--projects which the ministry believes should be built [in cooperation] with the states located on the Nile Basin.

E. Regarding the implementation of projects:

Implement public and covered irrigation and drainage projects, carry out maintenance work on the water courses and the installations built on them and carry out the civil and mechanical works for the irrigation, drainage and horizontal expansion projects.

Produce the iron works for the irrigation installations and build and carry out maintenance work on the river units.

Article 3. The minister of irrigation shall issue the decrees concerning internal organization and the lower organizational sections and defining the powers of the various organizational sections.

Article 4. The following shall be under the control of the minister of irrigation:

The High Dam and Aswan Dam Public Authority.

The Egyptian Public Authority for Drainage Projects.

The Egyptian Public Survey Authority.

The Water Research Center.

Article 5. The minister of irrigation shall be the minister responsible for the following companies:

The Egyptian Dredgers Company.

The High Dam Company for Civil Works.

The Public Irrigation Company for Mechanical (Dredging).

The Egyptian Public Company for Irrigation Works.

The Egyptian Irrigation, Drainage and Civil Works Company.

The Upper Egypt Dredgers Company.

Article 6. Every provision conflicting with the provisions of this decree shall be abolished. This decree shall be published in the Official Gazette and shall go into force as of the date of its publication.

Issued at the Presidential Office on 29 December 1980.

Anwar al-Sadat

8494

CSO: 4802

IRAN

MAJOR ISSUES DISCUSSED BY SPOKESMAN BEHZAD NABAVI

Tehran ETTELA'AT in Persian 20 Jan 81 pp 12, 2

[Report on ETTELA'AT interview and later press conference with Behzad Nabavi on 19 Jan 81]

[Text] Tehran--PARS NEWS AGENCY--Prior to yesterday's press conference, Engineer Behzad Nabavi, deputy prime minister for executive affairs and government spokesman, answered questions in an exclusive interview with correspondents of PARS NEWS AGENCY. The PARS correspondent began by asking:

In resolving the hostage problem, what portion of the expectations of our Moslem nation was fulfilled? Mr Nabavi replied: I think our expectations were 100 percent fulfilled. We have achieved a great political victory and have obtained our economic rights, as much as is possible.

Difference in Form

Our correspondent also asked: The government was obliged to resolve the problem in accordance with the resolutions set by the Parliament. Have there been instances when you had to stray from those resolutions? The deputy prime minister replied: We have not had to stray from any of the principles of the resolutions whatsoever. However, some of the methods for executing the negotiations were not specified in the resolutions. For example, the Parliament wanted the conditions to materialize for the freedom of the hostages. But in truth, if the conditions were to materialize, it would practically have taken three years. For example, the disagreements would have had to be submitted for arbitration, our rights given us, and our assets returned to Iran. This would possibly have taken two or three years and it would have negated all our efforts. In fact, these were not really the conditions for the freedom of the hostages, they would have been conditions for their continued imprisonment. For this reason, we found practical alternatives. First, we wanted the government of the United States to provide us with appropriate financial guarantees so that the hostages could be released and our problems resolved at a later date. The

American government did not accept, and its reasons were, to some extent, understandable. It would have been difficult to accept. Then guarantees were offered through a third country, Algeria. We determined that this would serve as a guarantee and we accepted. Therefore, if there are differences with the resolutions of the Parliament, they are in form and not in content. Concerning what I said, that in fact the Parliament has said that the assets should first be returned and then the hostages released, on the surface it might appear that we first released the hostages and then got part of our assets. Of course, you know that the assets will be returned. Therefore, there is no contradiction. In fact, this follows the spirit of the Parliamentary pronouncement. It does not say that we should keep them for three or four years. Under such conditions, release would have been impossible.

Frozen Assets

It was then asked: In total, how much of our deposits and frozen assets were returned by the government of the United States?

Mr Nabavi said: All our assets frozen by the United States were returned except for 2.2 billion dollars, which, in addition to being frozen by the U.S. government, were frozen by American courts and which the U.S. government guaranteed would be returned to the government of Iran by the end of Spring, according to the statements of the Algerian government. The reason for their inability to immediately return this sum is that the Algerian government communiqué concerning the resolution of the disagreements has to be issued and approved by both sides in order for the U.S. Supreme Court to be able to cancel the freeze orders and refer the disagreements to arbitration. This explains the 2.2 billion dollars.

The Change in Demands

It was asked: In the beginning of the hostage taking, there were other demands, but in the end the problem became a financial one. Please explain this change which may have raised questions among the people as well. Mr Nabavi said: As we have said, the occupation of the spy nest and hostage taking by the Iranian people had a political, revolutionary goal and not a commercial one, for ransom and such. But it was natural that when the problem was about to be resolved, we first wanted a political victory. And in the second stage, we were trying to regain our rights which had been violated as a result of American actions which were illegal and in violation of international law. That is why, as you see, our concerns became financial. We had certain possessions and assets in the United States which we wanted to regain in exchange for the release of the hostages. It is also a fact that it is easier for America to give up its life than its money.

Therefore, pressure was required. We needed to try to pry away the money which had been swallowed by this world-devourer. That is why the problem has become somewhat financial in emphasis.

Why the Democratic Party?

PARS NEWS AGENCY then asked: It appears that in the last few days there has been an attempt made to settle this problem with the leaders of America's Democratic Party, which is leaving the scene. If this is so, could you please tell us the reason?

Mr Nabavi said: This is true. Our goal is to end this problem during Carter's term. That is, the hostages will either be released or put on trial.

Our reason was that we foresaw three things which could happen after Reagan takes office. Reagan might either want to continue the negotiations, which we would not want because we would have to start over the negotiations which have gone on for 75 days and continue them for a long time. This would have been a waste of time for us and a useless endeavor. If he were to take this step, it would not be right for us. And if Reagan were to ignore the problem or continue his empty threats, it would not be right for us to choose another method to counteract either his silence or his threats and thus put ourselves in the position of merely reacting. Therefore, our decisive resolution was that if we could not reach any solution with the Carter government we would certainly send the hostages to the courts before Reagan took office and announce that should the government of the United States choose to accept our latest conditions, it can win the case before it starts. Fortunately, Carter's government either realized that this was the stance of the Iranian government or guessed it, or it approached the problem wisely and in the last two days especially it has responded quickly to our demands.

The Wealth of the Shah

The correspondent asked: What is to become of the wealth of the people plundered by the deposed shah?

Mr Nabavi replied: We considered and still consider this article of the Parliamentary resolution more politically valuable than economically so. Because at the present time we have essentially no figures concerning the shah's wealth in the United States. We can also well imagine that since for over a year there had been talk of freezing and transferring his wealth in the United States, he would have thought of something and taken it out of the legal jurisdiction of the United States. What the Parliament hoped to achieve was that those puppets who have sold themselves to world oppressors should know that they will not be able to rest even in the lap of their masters, that it is possible that the masters will come to them,

grab them by the neck and take their possessions, which are dearer to them than their very lives. This is the goal of this resolution, which we have achieved. But we did not know the extent of the shah's wealth. And it is not important to us whether we get anything. What is important is that we expose this problem to the world.

Unfair Deal

Mr. Nabavi was asked: In the last few days we have witnessed that the Soviet Union's government propaganda policy has been reshaped and they are issuing more anti-American propaganda. In addition, PRAVDA has written today (yesterday) that the U.S. government has made an unfair deal with Iran. What is your opinion in this regard? He said: I think that on the surface this interpretation by PRAVDA leans in our favor and it would appear that they are trying to fight for our rights. But in truth, they have another objective in mind. They are trying to tell our people that we have not come out ahead in this deal. But this is not so. The United States has not been able to force its conditions on us. We have acted precisely in accordance with the resolutions of Parliament and we believe we have achieved a complete victory in these negotiations through the government of Algeria. We have succeeded in actualizing the principles of what the Islamic Parliament demanded.

Practical Safeguards

Mr. Nabavi spoke on the practical safeguards in addition to the written safeguards against the interference of the United States in the internal affairs of Iran:

The practical safeguards consist of the clenched fists, the shouts of "God is great," and the power of our Islamic revolution. We cannot and should not expect any other practical safeguard against the Great Satan's interference in our internal affairs. Such things cannot be achieved through treaties and the like. The resolution does not mean that we are really so simple-minded as to believe that if the United States signs such a treaty it would in fact refrain from interfering in our internal affairs. It only serves to rub the nose of the United States in the dirt and obtain from it a letter of repentance and an unwilling guarantee given out of weakness. In fact, it has no practical value. The practical effect comes from your clenched fists, your shouts of "God is great," your guns, and your support of the Islamic revolution and the everlasting leadership of the imam and the government of religious jurists.

The Problem of Iraq

The PARS NEWS AGENCY correspondent asked Mr. Nabavi to speak about Iraq. He said:

Today, Iraq attacked Algeria for playing a key role in this affair. It said that Iran is moving closer to the United States. I call your attention to the fact that Mr Sa'dun Hammadi had expressed his desire a few days ago that Iraqi policy move closer to the United States. Now is it that now we are being accused and attacked?

It is interesting to note that the foreign minister of Iraq has had numerous talks over many hours with the American secretary of state. But this does not mean that they are growing closer. Yet, in order to obtain our rights and in order to implement our conditions, we talked with the government of Algeria and made our demands known through that government. Are we, then, growing closer to the U.S. government, a government whose new president has called us and our people barbarians and ransom-seekers? Does this mean that we are growing closer to the United States while Mr Sa'dun Hammadi and Saddam Hussein are anti-American? They pretend to be anti-American. They curse America, but act in support of its policies. Documents obtained from the spy nest indicate this support. The United States has many such servants who on the surface curse it but in practice support its policies.

The Freedom of the Hostages and the Iraqi War

The correspondent asked: What effect will the resolution of the problem have on the continuing war?

Mr Nabavi said: I do not think it will have the slightest effect. It is unfortunate that our people have been led to believe that the hostage issue is the root of our differences with the United States and that if these differences are solved we will become brother nations establishing friendly relations the very next day.

It is not this way at all. I have said many times in interviews that our relationship with the United States is that of oppressed and oppressor, that of a lamb and a wolf. In fact, I have just said in a radio interview that this lamb is now alert not to be entrapped by the wolf. Naturally, this relationship did not worsen with the hostage taking that it should improve with their freedom. While America retains its oppressive position, while it remains an oppressive government whose people have not risen to replace it with a good government, our relationship will remain one of enmity, which is true now and was so before the freedom of the hostages and even before the occupation of the spy nest. Today, several European countries have announced that they are prepared to lift the sanctions forced on us. Do you think that we were essentially working with the lifting of sanctions in mind? By no means. And I do not think that they will actually do so. Secondly, we place no value in this lifting of sanctions. And they will not have done so out of good will. Their goods are piling up and they do not know what to do with them. Now they have found an opportunity to sell them. Naturally, because they

are the enemies of our revolution who will not become our friends when these 52 are gone, we will still be sanctioned against as far as our necessities are concerned.

General Interview

Behzad Nabavi also announced in a press and radio and television interview consisting of domestic and foreign correspondents that concerning the American hostages, we have accepted the American promises in place of safeguards in order to expedite the freedom of the hostages. In this interview he also stated that the U.S. froze our assets in violation of international laws. In this press conference, Mr Behzad Nabavi thanked the brother students, the followers of the line of the imam, for their occupation of the American spy nest and praised their actions for trying to regain the rights of Iran from American imperialism. He said: These students carried out their sensitive duty in the best way to the last moment.

Mr Nabavi then answered the questions of correspondents. In his first answer, concerning the freedom of the hostages, he announced that up to that moment none of the hostages had been freed.

An Algerian medical team consisting of six specialists have been examining the hostages since this morning (yesterday) in order to assure their absolute health. These examinations have been precise and complete in order to prevent Western propaganda from making excuses later. An interview was also held with the hostages so that they could not accuse us later of mistreatment.

Responding to the question of what our relations will be with the United States after the hostages are released and whether or not they will improve, Nabavi said: Following the victory of the revolution, our relationship with the United States has become one of enmity, and the United States cannot bear this. Our enmity will not end with the release of the hostages. In this interview, Mr Nabavi remarked that during these 14 months, we could have held the hostages in prison but our Islamic ideals would not allow us to do so before their trial. Naturally, any other country would have had a more violent reaction after 25 years of such direct American interference as there had been in Iran. Engineer Nabavi added: After the victory of the Islamic revolution of Iran and the clouding of the relationship between Iran and the United States, some people thought that the United States would launch a military attack on Iran. But the Moslem students following the line of the imam by their occupation of the spy nest and taking the American spies hostage neutralized the possibility of such an action. In addition, the occupation of this spy nest and the hostage taking helped immensely to unify the Moslem people of Iran and the revolutionary forces.

The Stability of the Government of the Islamic Republic

Addressing the foreign correspondents, Behzad Nabavi said: Previously, the enemies of the Islamic revolution, especially the United States, said that the government of the Islamic Republic of Iran did not have the necessary political stability to solve this problem. But now you see that we have resolved this problem, which is in itself the best indication of the stability of the Islamic Republic.

The Silence of the President

When asked what President Bani-Sadr's views are concerning this matter, Nabavi said: I do not know his views. He has kept silent. At the end of every meeting concerned with the hostage issue, a copy of the outcome was sent to Mr Bani-Sadr for his comments, but he did not express any. Concerning the return of the possessions of the relatives of the deposed shah to Iran, he said: There is a strong possibility that these possessions have been transferred outside the jurisdiction of the U.S. courts with the help of Kissinger, the former secretary of state of the United States.

9593

CSO: 4906

LAND DISTRIBUTION CONSIDERED 'URGENT' NECESSITY

Implement Land Reform Laws

Tehran MARDOM in Persian 3 Jan 81 p 5

[Text] Our great revolution has caused demands that were dormant for years within the toiling people of our urban and rural areas. Police suppression of the Pahlavi puppet regime had prevented the airing of these demands. During the revolution, landless farmers and those with small plots of land, meaning the majority of the oppressed in our country, had enthusiastically expressed their demands in various ways. They wanted nothing but the right to enjoy the fruits of the land in which they toiled, to eradicate the influence of the old regime, to reconstruct their villages and to insure a better life to fit the revolutionary order. But all efforts aimed at achieving these goals were met with opposition from the big plundering land owners, their representatives and spokesmen which included the liberals and the phony religious leaders opposed to the line of the Imam. Actions taken by the Minister of Agriculture of the provisional government, and the rush by the big land owners in their opposition with the farmers' demands were aimed at protecting the interests of the usurpers and the strengthening of the position of the imperialists on the one hand, and creating despair and hopelessness among landless peasants and those with very little land, and the weakening of the revolution, on the other.

But the faith of the toiling class in the Islamic Republic of Iran and in their own revolution, and the strong leadership of the leader of the revolution in siding with the suppressed and the deprived people, coupled with the continuous efforts by revolutionaries in various revolutionary institutions such as "the Guardian Corps" and the "Reconstruction Campaign Organization" have helped in neutralizing all those satanic plots. The fall of the provisional government and the declaration of the revolutionary plan for "land distribution and reclamation", later approved by the Revolutionary Council, caused further resistance by the big landlords, the liberals and their pseudocleric supporters, and at the same time, brought hope to the poor in the rural areas of the country. Plots, instigations and sabotage were used one after another in order to stop the implementation of the land reform laws and the work of the seven-man council that is responsible for the implementation of the laws.

PAYAM-E MOBAREZ, the independent Islamic publication of Mozandaran, in an article in its 6th issue, under the title of "A report on actions taken by the seven-man council", quoted one of the members of the group supervising land distribution:

"After the issue of land distribution was put forward by the seven-man council, big land owners had different reaction. Some pretended wholehearted support for the plan, as if they had been waiting for it to announce their support. Only God knew their real feeling. A number of them pleaded helplessness and solidarity, but plotted in secret trying to create obstacles for the group. Some big land owners showed their open opposition and even threatened to kill the council members elected by farmers. The interesting thing was that the three groups had come to realize that their time for exploitation had come to an end."

Wherever possible, the big landlords tried, with the help of their agents and paid hoodlums, to prevent the seven-man council from carrying out its mission because they considered it against their interest and a step towards their final destruction. Wherever it was not possible to show open opposition, these plunderers tried to use the pseudoclerics who were opposed to the line of the Imam. The plot devised by the big landlords was aimed at postponing the implementation of the land distribution law and driving away the peasants from the revolution sowing the seeds of despair in the hearts of the landless peasants, and those who owned very little land. Part of the statement by the main in charge of the group responsible for distribution of land, quoted by the publication PAYAM-E NOBAREZ, proves the point that: "Despair and hopelessness is the result of problems that go back to the time before the revolution and exploitation and misery." The publication further adds:

"Investigation groups sent by government agencies and revolutionary institutions often visited villages to study various problems faced by villagers such as land, water, health, education and so on, but very little, or no action was taken."

Elsewhere it said:

"In rural areas where exploitation still continues, feudals are still ruling. There are villages where huge tracks of land are not tilled and the poor farmers are not allowed to work on them, even as sharecroppers. And if they dare to do so in groups, they will be met by paid ruffians who will attack, molest and torture them."

About the landless farmers who work on land owned by the feudals it said:

"Those farmers who work part time on daily wages on land owned by the feudals, reason that someone else enjoy the fruit of their labor, and that if they worked for themselves, they would have worked much harder and with more enthusiasm."

The war imposed by the regime of Saddam Hussein has demonstrated that toiling people in both urban and rural areas of the country believe that their demands could be realized through the continuation and the widening of the revolution. That is the reason why they and their children have stood so firmly, in the farmlands and at the fronts, against Saddam's aggressors and his American masters.

In order to turn this power into an invincible force for the defense of the benefits of the revolution, it is urgently necessary for the seven-man council to complete its mission of the implementation of the land reform laws throughout the country. In order to be successful in its mission and be able to face the plots of the big landlords and their agents, the seven-man council must have the support of all government and revolutionary institutions. Their (seven-man council) fruitful and revolutionary efforts, which are in the direction of the strengthening and

development of the Islamic Republic of Iran, should also receive the full support of the toiling people in the villages. Their support of the seven-man council is like a sledgehammer coming down on the heads of the big landlords and their cunning plans.

Esfahan Province Land Distribution

Tehran MARDOM in Persian 3 Jan 81 p 5

[Text] In Esfahan Province, there is a village named "Nanadegan", with about 3,000 people, and many shortcomings. It lacks electricity, has no roads and no bridges.

With the help of the seven-man council, the people in the village have picked two delegates who are both, fortunately, hard-working and very knowledgeable. Helped by the villagers, these delegates have been able to distribute land to the landless farmers and to those with very little land.

Even though most of the land distributed had been "barren" and "uncultivated" land which did not belong to anyone, and could not be claimed by any landlord, protests are still being voiced. That is because if farmers had their own land they could no longer be exploited and would not be willing to till the farms of the big landlords. That is the main reason why the big land owners are opposed to any land reform favoring peasants, or to the implementation of all the articles of the land reform law and not only article "J" [sixth letter of Persian alphabet]. They want to squeeze the life out of peasants and this is why they don't want the peasants to have their rights, meaning land. For that reason, land owners even claim ownership of the "barren" land, hoping to block the implementation of the land reform law and create problems for it. These efforts were intensified specially after it was announced that article "J" of the land reform law was not going to be implemented at this time. This has provided a new incentive for the big landlords to continue with their intimidation of farmers.

On the other hand assisted by their own representatives, villagers (in Nanadegan) have divided the land among themselves. They have also received a loan from the seven-man council and have used it to dig a deep well in their land. They have launched dry farming and hope to use the water of the deep well to irrigate their cultivation in order to increase their yield. They have been praised by other peasants in the Nanadegan village. Their action should become an example for all other groups elsewhere. They should cooperate in collective farming and open up a better future for peasants, free from the yoke of the landlords and for the benefit of the revolution.

Farmers Demand Transfer of Lands

Tehran MARDOM in Persian 3 Jan 81 p 5

[Text] Together, we pay a visit to Mehraban county and learn, this time, about the demands and needs of the people of Gachal Ahmad, Qaratlu, Qaranqu and Darqeshlaq villages.

Gachal Ahmad Village

The village is located 122 kilometers north of Hamadan (population 340, with sixty families 22 of which are not farmers).

landowners in this village hold some 320 hectares of land which was distributed among the landless peasants by the seven-man council to be cultivated this year. Commenting on this, one of the landless farmers said:

"The lands should be given to us legally and for good so that we could be able to work more enthusiastically." This village lacks sanitation and medical facilities. Reconstruction Campaign Organization is now building a bath-house with showers. This has made the inhabitants very happy. What they demand are roads and seed for their future wheat cultivation.

The village inhabitants have announced their readiness to join the national mobilization and have given 7 sheep and 40,000 rials in cash to help the war victims.

Qaratlu Village

This village (located 100 kilometers northwest of Hamadan, with a population of 920, consisting of 180 families, 30 of whom are without any land) has 200 hectares of land which belonged to the landlord and had been developed and worked on by farmers for many generations. Peasants have divided the lands among themselves. This took place with the approval of the seven-man council. Regarding this action, one of the villagers said:

"Last year, before the land was divided, every time we complained against our landlord our representative was thrown into prison."

Another peasant said:

"We are full of hope despite the fact that we have not been given any agricultural assistance."

The Reconstruction Campaign Organization is now building a bathhouse with showers that is half completed. The villagers have asked the organization to have a deep water well dug for them.

They also have announced that they are prepared to join and participate in the nation's general mobilization, and 56 men, who had already served their conscription, have volunteered. The villagers have donated 30 sheep, some grapes and bread to the war victims.

Qaranqu Village

The village has a population of 730, with 150 families, 12 of whom have no land.

The Reconstruction Campaign Organization is building a bath-house in the village and is busy repairing the village's under-ground water canal. It has no infirmary, no medicine and no physician. The roads are in terrible condition, too.

Darqeshlaq Village

This village of the Mehraban county is 98 kilometers away from Hamadan and has 80 families living in it (14 of whom are landless peasants).

The Reconstruction Campaign Organization is already building a bath-house in there and is also repairing the village's underground water canal system, which has made the inhabitants very happy. But roads are in terrible condition and villagers complain that oil, gas and kerosene do not reach them. Sanitation is lacking and there is a shortage of water in the village. Because of the war that the regime of Saddam Hussein has imposed, all men whose conscription services had ended three years earlier have volunteered for service. Another few have volunteered for dangerous missions.

The village inhabitants have also donated a number of sheep and some bread for helping the war victims.

We will complete our report to other villages in the Mehraban county in future issues of MARDOM.

9561

CSO: 4906

NRP SEEKS TO IMPROVE ITS POSITION

Tel Aviv HA'ARETZ in Hebrew 31 Dec 80 pp 11-12

[Article by Mati Golan: "A Deluge of Religious Laws"]

[Text] The legislative fervor which has recently taken over the religious parties is not a new phenomenon which should be surprising. It repeats itself each time the sound of the elections gong begins to echo in the ears of the various workers. Like skilled political pugilists they aspire to rapidly deliver the most blows in order to accumulate a maximum of points which will improve their balance in the eyes of their electors.

This time they need this perhaps even more than in similar past periods. The religious bloc has no assurance whatsoever that when the next cycle begins they will still be within the governmental arena. And even if they are, they cannot rely on their position being identical or even similar to their position today. This is decidedly a consideration which holds an honored position in the deliberations on the priority of one law over another. Since it is clear that they cannot pass all of the religious laws even today, the need for clarification arises. If the conclusion regarding a specific law is that it will be difficult to pass it during the days of the Alignment regime, the tendency is to make an effort and to bring it up for a second and final reading before the end of the rule of the current Knesset.

Parallel to the desire to load the lawbooks with the greatest possible number of religious laws, there exists also the reverse goal: To introduce to the Knesset a proposal for a law which is vital to the religious electorate with the fore-knowledge that a majority cannot be found for it. This goal received vigorous reinforcement through the Abuhatzira affair. Heads of the National Religious Party are sensitive to any damage to the image of their party. The sting of this damage is likely to be blunted if the Minister of Religions is found to be innocent, but a scar will remain.

Who is to Wield the Hatchet?

In order to cover it, it is not enough to propose religious laws. No less effective and even more impressive is to fall on the altar of a holy principle. In the corridors of the NRP these things are being said in sufficiently specific form,

although not publicly. The search for a banner for the sake of which it is worth going down to defeat is in full force. That is why it appears to me that those who are engaged in calculations on the early fall of the government are looking in the wrong direction. It will not fall because of problems of inflation, security or distress. It is far more reasonable to assume that if the hatchet falls on this government, the one wielding it will be someone wearing a skullcap.

Until then they are gathering points at a dizzying pace. During the past week, within 2 or 3 days, laws were brought before the plenary which encountered no problems at all. Not many gave heed to them, although they will have a great influence not only on the daily life, but also even on the economy of the state.

An example of this, without a doubt, is the Sabbath law which passed on the first reading. Without engaging in verbosity the law establishes that an employee cannot be discriminated against for notifying his employer that he does not wish to work on the Sabbath. The law was introduced to the Knesset by the chairman of the NRP sect, Yehudah Ben Meir, who gave the reason for it that not only is it a non-religious law, but that it is a social law. It is a fact that the law does not deal with religious people. Sociologist Ben Meir is concerned for the peace of the Sabbath of all Israel. Which is decidedly a noble intent. But what of enterprises which are based upon a unit of 7 days per week? Who is to operate their machines? Arab workers? Italians?

The Loophole Attracts Extortionists

Certainly, this is not the intent of Ben Meir, who toils day and night over the Jewish character of the State of Israel. He is hopeful, it must be assumed, that there will be a number of Jews prepared to waive their Sabbath peace. In return for overtime, of course. And owing to these good Jews, the good Jews of Ben Meir will be able to send their prayers to the Creator without interference.

It is not only that the introduction of the law raises a moral problem, but also that there is a clear suspicion that workers, Jews and non-Jews, will exploit the law for purposes not of rest, but rather for garnering additional gain. According to the law, all of the workers in an enterprise, which is required to operate on the Sabbath, would be able to notify their employers that they are not prepared to operate the enterprise on the weekday rest day. Negotiations would open, during the course of which it will become clear that in exchange for an increment of several hundred percent, the workers would be prepared to yield their religious principles. In essence, this is a law which creates a loophole that will attract the extortionist.

In order to plug this loophole a proposal was made by, of all people, Amnon Rubinstein (SHINUY) to include in the law a provision that the right not to work on the Sabbath will be afforded only to one who is traditional observer. He explained that his liberal viewpoint requires that he insist not only upon guarding the privileges of the secular public, but also of the religious.

It is doubtful that the religious public anticipated such support from the SHINUY faction. Certainly, it does not need this support and whatever the SHINUY people

have yet to learn has already been forgotten by the religious party workers. However, Rubinstein was in error even as to the substance of the matter. What he is proposing is too reminiscent of the drawn-out episode of non-recruitment of young observant Jewish women in the IDF. What is an observant person? Who will determine whether this or that worker is truly one? It was that very Rubinstein who fought so valiantly against laws which encourage lying who should have demonstrated a greater awareness of this trap.

A trap of another kind is the summer-time episode. The introducer of this law was an Agudath Yisrael person, Rabbi Yehuda Abramovitz. And again: it is a proposal which seems quite innocent. Why decide beforehand whether or not to introduce a summer clock? Let the proposed law give authority to the Minister of the Interior to decide and he will exercise his discretion, since conditions vary, and we have no way of knowing whether it will be appropriate during this or any other summer.

Would the introduction of this law have come about, had not the Supreme Court ruled on the introduction of a summer clock? Certainly not. But there was a basis for the concern that a proposal to establish by law that a summer clock would not be introduced, could not muster the required majority. So they are looking for some kind of back door with the hope that even if this or that circumstance changes, there will be no change in the circumstance of the Interior Minister being an NRP person. If the law gains final approval the path to the Supreme Court will be blocked. And so, almost by happenstance, the lifestyle of the Israeli will be determined for the summer day, not to mention the heavy burden which the proposed law will place on the economy.

These initiators of the proposed law allege, of course, that they were not electoral considerations which moved them, but rather the concern for rights of the religious public. It is possible to accept that even this element exists only tangentially to the accelerating factor--elections. However, if indeed the welfare of the religious public is what is before the eyes of the NRP, it is fitting that they devote additional and deep thought to their legislative race. The religious public is not a living entity which carries itself in the State of Israel. Within its nation it is alive as a part of the general public. In any long-range calculation, what is good for the secular majority will also be good for the religious minority. Thus, for example, if enterprises are closed down because of Sabbath laws, damage will be not alone to the secular, but also to the religious, especially since the law has not come to solve an earth-shaking problem. In the great majority of cases these matters have been settled in orderly and quiet fashion by means of the local arrangements. We have not heard about a plague of firings of religious workers who have refused to work on the Sabbath. The employers, virtually all of them, have always demonstrated an understanding of the lifestyles and of the faith of the religious workers.

In contrast, this solution will create a problem which does not now exist: other severe problems. Employers who until now accommodated to the issue of work on the Sabbath, will become more sensitive to this issue. The outcome will be the reverse of what Ben Meir intended. There will in fact be no discrimination against religious workers, however, there is reason to fear that it will be difficult for

them to find employment in enterprises and institutions which work on the Sabbath is a requirement.

With regard to the law of the summer clock one can anticipate a more stately approach. The State of Israel needs hours of light. Every additional such hour is clear profit. Not only the secular benefit from this profit. Even if it is achieved at a price of certain discomfort for the traditional observers, it would appear that the sacrifice is one they can and should bring.

8090

CSO: 4805

FINANCE OFFICIAL DISCUSSES ECONOMIC POLICY

Tel Aviv MA'ARIV 26 Dec 80 p 22

[Article by Dov Goldstein: "Not a Single 'Plague' and Nothing Big and Dramatic, Only a Series of Small Steps With a Cumulative Effect"]

[Text] If the new economic plan of the Finance Ministry is to yield laudable results, it is doubtful that anyone will take note of the large part played in its formulation and its fashioning by Professor Ezra Sadan, chief of the Economic Planning Authority and the economic advisor of the finance minister. If it fails, as its predecessors did, no one will forget that the burden of blame rests on the shoulders of Sadan.

I have gathered for the reader the principal revelations from the interview with Sadan. Here, then: There is nothing dramatic, unique, of great moment and shocking in the new economic plan and in the steps accompanying it. It is not a "plague." It is, in toto, an accumulation of small steps in various sectors with various extensions whose strength lies in their cumulative effect and in the mutuality of their influence. There will be no damage to the holders of debentures. There will be no freeze in the price of the dollar for shekels. The exporters will get direct export incentives. There will be a limited widening of the gap between the price of the dollar in shekels and the rate of inflation, but there is no talk at all here of a gap of tens of percentage points, which is not possible, but rather a few percentage point. All inventory advantages for merchants will be cancelled, but a completely new method of calculation will be instituted (the "Gabbai System" it is called at Finance, in the name of its originator) which will calculate the real income of merchants and manufacturers under conditions of an inflationary economy. Exemptions on the increased value and inheritance taxes, which were enacted during the past year, will not be cancelled. And now all this, including security matters, and in somewhat expanded form.

This Is How Administrative Structures Function

Professor Sadan, the governor of the Bank of Israel, Mr. Arnon Gafni, argues that the defense budget has not been trimmed at all for the year 1981. Why, then, were all the dramatic consultations necessary with the heads of the defense establishment?

Gafni is right. If you compare budget with budget, that is, the defense budget for local expenditures in Israeli pounds for the current year with that of next year, it is the same budget. That, however, is an incorrect comparison. First, the defense establishment demands from Finance an increment of 16-17 billion pounds for the current year's budget. It is totally unclear whether Finance will respond to this demand, and when. Secondly, and this is the main thing, we are discussing here a "trimming" of the budget with respect to the plans and the needs for the coming year. The defense system demanded three amounts, each one of which is several billions higher (and one by 60 billion pounds!) than what was allocated finally for defense. Here the cut is very large.

That is, you did not yield to the demands of Defense. But doesn't the defense establishment, year after year, demand greater sums than what Finance allocates to it at the end of the bargaining?

Yes. But this year the gap was monumental between the totals. In prior years Finance would propose an amount and the defense establishment would demand far more and a compromise apparatus would open with negotiations, with bargaining, and finally a compromise would be reached. This year, the compromise apparatus did not function and did not arrive at a compromise. This was not the usual bargaining.

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To clarify, let me say this: We have here two grant branches; defense, which consumes one-third of every budget, and education, which accounts for more than a third of all of the manpower in the public sector. All monetary sums, which the two branches require, come from the same coffer and it is not possible to decide on the one without deciding on the other. And every decision about one section must be influenced by the decision in another section. Only Finance sees the total picture, and thus only Finance should make the decision.

To the best of my knowledge, Finance does not have military experts with reputation and experience. If the military commanders caution that a cut in the defense budget harbors hazards for Israel, on what basis can you take upon yourselves this heavy responsibility?

Nor are there experts in education and health in the Finance Ministry. In all civilian matters the experts at Finance learned everything in detail. On questions of defense, Finance maintained a low profile. This was faulty. Now the thing is in the process of improvement and correction. There must be full balance between

the decisions in all branches of outlay including defense.

Which parts of the defense establishment will be affected by the cut and which left untouched?

In order to explain this to you coherently, I will use an example from the Ministry of Education. If Finance accedes to the demands of the Ministry of Education, there are no problems. If we attempt to set restrictions, the education system will defend itself. And it will defend itself according to its basic character of a bureaucratic system. I'm not saying this critically. This is the manner in which a bureaucratic system removes the "evil decree." For example, if as a result of the cut in the budget the educational system must choose between a second session or an increase in class size, it will choose a second session because that is what hurts the public less. That is to say: the system will set up the public against the decision of Finance, at the most sensitive point for the citizenry in order to exert pressure for the nullification of the cut. This is how administrative structures function worldwide.

The Effect To Be Felt Only Six Months Hence

That is to say: If you want to cut the outlay of any system in a way that will cause the least damage, you must be on the inside. You must be involved in the planning of allocation of funds to its various branches.

Do you mean to say that even the heads of the defense system because their demands went unheeded, will attempt to cut in a place most damaging to the public?

No, but . . .

But you are saying that this is the way every administrative structure functions.

Without any ill will toward the defense establishment it is easier to cut orders for Israeli enterprises than to reduce the apparatus. And if you wish to add an element of pressure on Finance, close an enterprise in a development town which cannot exist without orders from the defense establishment, and without which many wage earners in the town become unemployed.

Meaning: In order to prevent this you will tell the defense ministry where to cut and where not to?

It is simply not possible for all items of the defense budget to be planned in the finance ministry. But on the larger matters, in the major sections of the defense budget, we must analyze and itemize the budget and reach an understanding with the defense ministry. The system must be integrated.

Will workers be laid off from military aircraft manufacturing enterprises and from civilian enterprises which are filling orders for the defense ministry?

We are discussing a budget whose influence will be felt in another 5 or 6 months, not at the present time. Clearly, enterprises or manufacturing complexes whose

orders are to be reduced by the defense establishment will be required to reduce the scope of production.

The influence will be for the very short range and in far smaller dimensions than what is foreseen by the prophets of doom. The outlay for defense is one of the larger deficits of the Israeli economy, but it has brought with it also a tremendous advantage for the economy: it has encouraged excellent industries and complexes in many areas, such as electronics, metallurgy and others.

In Israel an abnormal production potential has accumulated. I am confident that in a very short time, just a few months, a significant part of the enterprises, whose orders will be cut, will find a way to continue to produce and to export through "occupational transfer" of their products, by a change and a varying of the international markets. Israeli industry has an excellent capability for adapting in production and export to changing conditions.

Despite this, how many workers will be laid off by the estimate of Finance because of the cut in the defense budget? Several thousand, several thousand. Not tens of thousands, and not even ten thousand. There have been problem industries even before the cut, and not because of it. Those will now find it difficult to adapt. Workers will be laid off from those. But this will be a positive lay-off.

Provided they succeed in being absorbed by other enterprises.

Does such a prospect exist for them?

There is no problem in Israel of absorbing skilled workers and we do not foresee such a problem. But if such a problem comes about and difficulties are created, we will not hesitate to provide incentives to enterprises which can absorb all of the laid-off workers. We will encourage especially those enterprises which are able to produce for export.

Doesn't this present a clear danger of an increase of emigration from the country by the best of the scientists, the engineers, and the workers?

The emigration plague does not lie within the Finance or the Defense ministry. This is a problem of the Education Ministry. If the State of Israel continues to organize its higher education without taking account of the needs of the economy, it will continue to create a potential for emigration. A classic example: We have 4 medical schools. We absorb immigrant physicians. In the next 10 years there will likely be created a surplus of about 3,000 physicians, beyond the Israeli norms, which are among the highest in the world. If only half of this estimate materializes, its meaning will be that one of the four schools, and which one is irrelevant, is not a medical school but an emigration school instead. If we seek to prevent emigration, we must absorb the manpower which we are creating by making it appropriate to the professions in which there is and in which there will be in the future also a demand in the economy.

Individual engineers of the highest degree who specialized in a specific line of production are apt to find themselves unemployed. This will not happen to many people.

What is your estimate of the extent of unemployment for next year?

In the order of magnitude for the year: around 5 percent of the work force, some 60 thousand unemployed.

And Governor Gafni further stated that in the budget which you are proposing there is no prospect for reducing the rate of inflation. On what is your assumption based that inflation will be "only" 6-7 percent per month?

The Governor is . . . a great hero . . . The question before us was not to reduce inflation to 50 percent. . . In the way the chief of staff wanted to establish relative to the defense budget we would have arrived next year at an inflation of 400 percent, whereas the plan of the deputy defense minister would have brought about an inflation of 250 percent only. . .

We say simply: We haven't said that the budget will reduce inflation. According to this budget the level of inflation will be the same as this year's. In that the Governor is correct. But it is not our intention to make do with the budget. In addition to it there will be activity in 2 areas, in the monetary area and in dealing with the "anticipatory syndrome" of the public, that inflation will be on the increase. In the monetary area there will be far reaching activity particularly on the matter of the credits for the business sector. The Bank of Israel today controls only 50 percent of the credit. The remaining 50 percent are credits for export which are not controlled. The economic overturn cancelled the direct incentive for export. The incentive is wrapped within the credit which the exporters obtain. This incentive is not planned. There is in it a considerable measure of chance and it does not afford the possibility of administering monetary policy.

"Anticipatory Syndrome" of the Public

In the current phase we will reduce the volume of credit to exporters and at the same we will lower the interest on the reduced credit. Thus, the incentive level for export will be preserved. During the second phase we will return to direct incentive to exporters, not through cheap credit but directly according to the size of the export.

If one of the methods for curbing inflation is to prevent the lowering of the value of the shekel with respect to the dollar and to the European currencies, will you prevent the lowering at an accelerated rate when you can compensate the exporter through a direct incentive?

The price of the dollar today does not determine the extent of inflation, but is drawn by it instead. We devalue the shekel at a calibrated rate with the inflation differences in the country and in the world. I wish to calm citizens who have deposits in foreign currency: It is not possible to restrain the rate of devaluation of the shekel in a way that the price of the dollar will lag by tens of percentage points behind the rate of inflation. The gap can be only a limited number of percentage points. If an act is performed of slowing down the rate of devaluation of the shekel, a direct incentive is given to the exporters. If we freeze the price of the dollar at today's level and we do not succeed in curbing

the rate of inflation at a level of 4 percentage points per month, we will return very quickly to a method of large devaluations, as a result of accumulation of the lag, and this is a hazardous and inappropriate procedure.

What did you mean when you spoke of the "anticipatory syndrome" of the public?

In an economy such as ours the public, which is anticipating inflation, can themselves cause it and stimulate momentum in those who are interpreting it.

How can this be prevented?

By an integrated regulation of the wages and prices.

Meaning: Reducing the rate of increase of product prices which would prevent an erosion of wages?

Yes. That is the intention.

That will require subsidizing products at least during the first phase, until inflation is curbed and begins to drop?

Correct. We will do so to the degree necessary.

When Finance talks about absorption of money from the hand of the public, is it possible that the intention is to harm owners of government debentures?

By no means, and in no way! Don't even mention it! That the government will repudiate its obligations with respect to pension funds, welfare funds, savings plans, insurance plans, and private citizens? If any government at all were to conduct itself in that manner, it would be a totally different Israel which would deteriorate and completely destroy itself. No Israel government will slaughter its golden goose, nor will it destroy the capital market and the confidence of the public.

The "Gabbai System" A New System of Calculation

Will you draw funds from the public by additional tax assessments or the inducement to invest voluntarily in debentures under improved conditions?

Taxes here are among the highest in the world. Under such conditions an attempt to collect more taxes means to collect less. The government must find the golden path among voluntary means on the part of the public (savings and acquisition of debentures) and among absorption through prices in those products over which the government has control.

Perhaps it is worthwhile for the government to reduce taxes only for the purpose of increasing imports and in the end to collect more money through duty payments?

That is one of the possibilities, definitely.

But then the balance of payments will be affected and the foreign currency reserve reduced?

Exactly. If there was a choice between inflation of 120 percent, for example, together with maintaining the level of the balance of payments; or an inflation of 80 percent while damaging the balance of payments, I would prefer an inflation of 120 percent. But how many tens of millions of dollars is it possible to sacrifice to increase imports in order to absorb from the citizens money through duties?

And that is what I wanted to say to you? Whoever is at this time anticipating some kind of dramatic step, will be disappointed. There will be no such step. I am not a dramatist. There will be a large number of small steps, the cumulative effect of which will bring about positive results.

Which tax exemptions are to be cancelled?

We will cancel all of the credit advantages of merchants and manufacturers.

And they will pay income tax on inflationary profits, meaning to "consume the capital?"

No. We will institute a completely new computational method. We call it the "Gabbai Method," for the name of its originator, Yossi Gabbai. The method will calculate the real income in the commercial sector, taking into account conditions of an inflationary economy and will replace income tax exemption resulting from credit advantage.

Will the method bring more income to Finance?

Yes. And it will also be more equitable.

Will you amend laws which exempt citizens from added-value tax and from inheritance taxes?

No. We won't touch these exemptions.

8090

CSO: 4805

GULF CONTRIBUTIONS TO UNICEF

London 8 DAYS in English 7 Feb 81 p 19

[Text]

THE UNITED Nations Childrens Fund (Unicef) has started to distribute \$10.5m of aid donated by six Gulf States to nine of the most impoverished countries in Africa. The money comes from a special trust set up last month with money donated by Kuwait, Bahrain, the UAE, Saudi Arabia, Oman and Qatar.

Unicef says that the aid will be going to countries affected by drought, civil strife, border disputes and political or economic instability. It is this policy which makes the grants unusual; most multinational or international aid donors insist on stability before offering relief.

The first recipients of Unicef — channelled Arab aid will be Ethiopia (\$3m), Angola (\$2m), Uganda (\$1.5m), Somalia, Sudan and Zimbabwe (\$1m each). The Central African Republic, Djibouti and Chad will receive smaller amounts. Unicef stresses that this is only the first instalment, and that other countries are being considered for aid. Unicef lays down no political requirements — two states that may be in dispute or even at war would not be disqualified. Humanitarian needs form the guideline, as stressed by Prince Talal bin Abdul Aziz when he announced the establishment of the fund.

The total sum contributed by the Gulf states for the first year is \$200m, including running costs. Prince Talal, a half-brother

of King Khaled and an honorary assistant to UN secretary-general Kurt Waldheim, said that the fund would supplement the aid given by the Arab countries to the developing world but in this case it would all be channelled through the UN. Prince Talal hoped that the industrialised countries would follow the Arab example and increase their contribution to the humanitarian work of the UN agencies.

Details of the pro rata distribution of the \$200m will be decided at a ministerial meeting in Bahrain later this month. Unicef hopes to get between 30 and 40 per cent of the first year's allocation, a figure that would contribute more than 20 per cent of the agency's total budget.

Political security is not a precondition. Somalia-Ethiopia relations are strained but orphaned children in both countries are to receive food, shelter and medicine. The political instability in Uganda and Chad are likewise no barrier to Unicef and its field agencies; nor is the absence of active cooperation of the governments concerned.

Angola is to receive a badly needed sum of \$2m. The failure of the Geneva Conference in January on neighbouring Namibia has only exacerbated Angola's problems. Until cross-border South African raids are stopped, Angola has no chance to develop its agriculture and industry, and capitalise upon its potential diamond, oil and mineral wealth. The past five years of constant fighting have placed a great strain on Angola's economy, with valuable foreign exchange being diverted to maintaining its army.

PROBLEMS FACING AGRICULTURE DISCUSSED

London 8 DAYS in English 7 Feb 81 p 30

[Text]

Water shortage and rural exodus are major constraints on the development of agriculture in Oman. With fishing, agriculture provides a living for 80 per cent of Omanis - yet accounts for only 3 per cent of Gross National Product. LIESL GRAZ, recently in Oman, outlines the problems and the possible solutions.

WATER is one of Oman's scarcest natural resources. Of the sultanate's 300,000 square kilometres, a mere 3,600 are cultivated: desert and mountains cover the rest of the country. Only some 20km of coastal strip benefit from the annual monsoon — elsewhere drought, such as that afflicting the area from Nizwa to Ibbi at present, can last for several years. Agriculture therefore relies on tapping underground water reserves.

Securing adequate supplies of water has long been a preoccupation for the inhabitants of Oman. The falaj system of irrigation, by which water is channelled from either surface or underground reserves, was probably built by the conquering Persians in the first millennium AD, though some historians attribute it to Suleiman bin Daoud — Solomon, the son of David. The falaj has long been based on a system of joint ownership, often of extreme complexity.

Until recently there was a great deal of talk, but not much action, on the need to find more water in Oman: it was not until a year ago, with the establishment of the

Water Resources Authority that the search began in a systematic fashion. Water is now being hunted with considerable zeal, using much the same techniques as those used by the exploration department of an oil company.

Developments along the Batinah coast, stretching north from Muscat for 300km, provide a good illustration of the water authority's research. The traditional system of watering is by shallow wells located in individual orchards. At the Batinah coast, most of the existing wells are almost within sight of the ocean: any further development of agriculture in the region is impeded by growing salt water intrusion into the wells.

Water resources experts are now considering the possibility of sinking new wells some five to ten kilometres from the sea shore. Another possibility is the construction of a series of small dams across the wadis — there are between ten and 20 possible sites along the coast. The dams themselves are estimated to cost about Omani riyals 2m (\$5.7m) but considerable ancillary work will also be necessary. Initial studies are now in progress.

In southern Oman the Salalah plain could sustain a much larger agricultural area than the two monsoon-fed green bands now under cultivation if there was enough water for year-round irrigation. The hydrogeologists of the Water Resources Authority believe that the deep valleys of the Jebel Qarra, which rims the Salalah plain, should yield enough underground water to permit a substantial extension of cultivated lands, both north and south of the mountains. Even such an unlikely area as the edges of the Wahhiba Sands appear from initial analysis of satellite pictures to contain much more water than has ever been imagined — the Wahhibas would seem to be a gigantic sponge.

Rural exodus is the second problem. The need to keep people, especially the young, down on the farm, and to increase productivity, was the main motivation behind the establishment of Oman's Agricultural College, which opened in Nizwa in autumn 1979. The 36 hectare teaching farm and college takes about a hundred students, at secondary school level. Two courses are offered: the one-year course teaches the basics of modern farming while the three-year course is designed to train agricultural extension agents and agronomic technicians.

To encourage students to go back to their own villages and actually farm — too many of the first graduating class, inordinately proud of their diplomas, went off to the city

to find other jobs — an inter-ministerial coordinating programme has been devised. The ministry of municipalities and lands arranges for a grant so that the new graduate, returning home, can immediately begin to farm his own land, usually on a small scale at first.

The ministry of agriculture will provide technical help and equipment, while the ministry of social affairs will contribute towards the cost of a house. The Agricultural Credit Bank will be asked to provide a low-interest loan to the fledgling farmer, to help buy the animals that will form the nucleus of his own herds. For the time being, mechanisation for individual holdings is not an issue, but tractors are being acquired by extension centres and village cooperatives. Increasing mechanisation in the relatively near future is seen as one way of increasing productivity.

It has not been easy to convince Omani farmers that their sons can look to a good future on the land. An educated farmer in Oman will, in the long run, probably be better off than if he had joined the army or the police force, jobs with attractive prospects and considerable prestige. As an added inducement, the ministry of agriculture provides each student at the Nizwa College with OR 50 (\$140) for his monthly pocket money, almost as much as the pay of an unskilled labourer, as well as food and lodging.

[Boxed article]

Sowing the Seeds of Improvement

SINCE 1975 Oman has conducted a concerted campaign to supply 'improved' seeds and plants to its farmers. In 1979 32,000kg of potato sprouts, 500kg of ladyfinger seeds and 2750kg of onion seeds were distributed. Seeds are subsidised at 50 per cent of real cost: for saplings, the government pays 50 per cent of the cost of imported stock and 90 per cent of that produced in Omani nurseries.

Crop spraying has begun on a large scale, using both aircraft and spraying equipment supplied to farmers, either individually or in village cooperatives. Extension centres are being set up, and these provide fertilisers and advice.

Date and lime trees account for about

half of Oman's cultivated area — they are often planted together with the date palms shading the citrus trees. Other major crops include lucerne, mangoes, onions and bananas. Bananas provide a telling example of yet another problem afflicting Omani agriculture. In the souk of a town like Birka on the Batinah coast bananas from Central America are on sale: yet just five minutes' drive away from the town there are bananas growing in profusion which the farmers hardly bother to harvest. Only now, with the development of cooperative societies, is Oman beginning to tackle its archaic and anarchic distribution and marketing problems.

SULTANATE OF OMAN

BRIEFS

BRITISH WIN MILITARY ORDERS--Oman has ordered two missile boats for its navy worth 45 million pounds (\$108 million) from the British manufacturers Vosper Thornycroft. The order is for two 56-metre vessels equipped with guns and anti-ship missiles. Neither the type of missile nor the delivery date of the order was revealed by the company announcement in London last week. A similar vessel was ordered last year the company added. Oman's navy includes three Corvettes, six large patrol craft--two of which are fitted with Exocet surface-to-surface missiles--four coastal patrol craft, three landing craft and one logistical support ship. According to the London-based Institute for Strategic Studies, Oman also has on order three Skima-12 hovercraft. Although Oman's navy patrols the Straits of Hormuz, the West's "strategic" oil supply route, it compares about equally with Bahrain's: the Bahrainis have two missile-equipped and two gun-equipped fast attack patrol craft, 14 coastal patrol vessels, one hovercraft and two landing craft. Oman's main arms supplier, Britain, won a 60 million pound (\$144 million) order last July for strike aircraft and ground-to-air missiles, to be supplied by the prestigious British Aerospace firm (AN-NAHAR ARAB REPORT & MEMO, July 14, 1980). [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English 6 Feb 81 p 7]

CSO: 4820

WESTERN SAHARA

SDAR PRIME MINISTER LAMINE AHMED DISCUSSES FOREIGN RELATIONS

Caracas EL DIARIO DE CARACAS in Spanish 9 Jan 81 p 32

[Report on interview with Saharan Democratic Arab Republic [SDAR] Prime Minister Mohamed Lamine Ahmed, by Angel Ciro Guerrero in the SDAR; date not given]

[Text] Liberated territory of the SDAR, Western Sahara--Although Venezuela votes in all international organizations for the prompt reestablishment of peace between the SDAR and the Kingdom of Morocco and apparently agrees with the SDAR's territorial claims and demands for independence, it has not yet officially recognized the SDAR.

Such recognition is one of the highest aspirations of not only the Polisario Front, as spokesman for the Revolutionary Council, but of all the Saharan people.

SDAR Prime Minister Mohamed Lamine Ahmed made that statement to this special correspondent during an interview held somewhere in the Sahara, not many kilometers from the battlefield where the Saharan People's Liberation Army is fighting the troops of Hassan II, the Moroccan monarch.

"The people of Venezuela," the number two man of the Saharan revolution told us, "who have fought against colonialism like our own people and attained their independence heroically, and maintain their unity as a sovereign nation, most certainly respect the Saharan people and their struggle to attain equal rights in the concert of free nations."

The high official added that "the people of Venezuela know that the Saharan people, who previously fought against Spain and then against Mauritania, are now confronting Moroccan expansionism in the quest for their independence."

Lamine Ahmed added: "Venezuela also knows that we are victims of colonialism, as those fraternal people were. The SDAR, which has observed Venezuela's constructive process with interest, is sure that it will be on our side very soon. We hope that the Venezuelan Government and people, who have always supported us in international forums, understand that we are only asking them, and all Latin America, to recognize us officially. We are forever grateful to them for their international support."

The Interview

The prime minister of the SDAR spoke with EL DIARIO DE CARACAS for 2 and 1/2 hours. He had to travel hundreds of kilometers to keep the appointment. He did so on behalf of Mohamed Abdelaziz, secretary general of the Polisario Front and chairman of the Revolutionary Council. Lamine Ahmed came to the interview accompanied by Jalil Sid Enhamed [as published], one of the Polisario Front's main leaders and its permanent representative to the Political Bureau.

Wearing the traditional white derra and black turban, the prime minister, a young man and an expert on internationalism, answered many questions which, in general and to save space, we have limited to those concerning the Saharan desire for Venezuela to recognize his country, and at war with Morocco--a war in which the United States is participating (perhaps now with Reagan in the White House, more directly) along with other powers such as Egypt, Israel, Saudi Arabia, Zaire, Senegal and South Africa.

With only the driver as escort, Lamine Ahmed and Jalil Sid Enhamed arrived at the interview in an old land rover. Between sips of tea and water drawn from a nearby well, pestered by the last legions of flies which invade the Sahara in October, they made new statements about the SDAR's position in regard to Latin America.

We Have All Been Victims of Colonialism

Lamine Ahmed spoke with emotion about his "Latin American brothers."

"There are," he said, "strong ties and deep feelings uniting us. That is why we have contacted all fraternal peoples, seeking their support and solidarity. All Latin American peoples have also gone through their war against colonialism, a cruel war like the one which we are going through now."

In Latin America as of the present, the SDAR is officially supported by Panama, Mexico, Nicaragua, Grenada, Guyana, Dominica, Saint Lucia, Jamaica, Cuba and recently, Costa Rica.

But Latin America, especially in recent times following Nicaragua's liberation process, has begun to observe the Saharan conflict carefully, although it is only right to acknowledge that very little of the history of that people and that war is known in our countries, and perhaps only at the government level. For example, Venezuela is a country whose inhabitants--almost 90 percent of them--are unaware of the existence of the conflict and even of the SDAR's location on the map of Africa, much less the goals, philosophy and political beliefs practiced, defended and proclaimed by the Polisario Front.

One of the prime reasons which prompted us to visit that strife-torn part of the Sahara, on its westernmost side, was specifically to provide a little information and history about what is considered, basically in Europe, to be a possibly explosive situation, in view of the many economic-political currents converging and dangerously present there.

Venezuelan Recognition

The SDAR minister of communications and power, Hamoudi Ahmed, is coming to Venezuela on a private visit, since officially there are no relations between Venezuela and that country. But the purpose of the visit is to try to discuss the Venezuelan recognition sought by the SDAR. This nation has more mineral wealth (phosphates) than most countries in the world and is also rich in petroleum, which it has not yet been possible to exploit. Its interest in becoming a member of OPEC, with the principal support of Algeria (and seeking that of Venezuela), is as basic as political recognition. The SDAR, which is fighting Morocco for a territory of 285,000 square km, its independence and liberty, is part of the Arab-African enclave. Hamoudi Ahmed will discuss all these considerations with President Luis Herrera Campins, Minister of Foreign Affairs Jose Alberto Zambrano Velasco, Minister of Energy and Mines Humberto Calderon Berti and other high officials. He has also scheduled interviews with Rafael Caldera and Carlos Andres Perez.

But any political recognition of the SDAR by Venezuela is a step which, for the moment, our country would not take unilaterally.

Foreign Affairs Minister Jose Alberto Zambrano Velasco recently told this reporter that such recognition would be made in a bloc together with the other members of the Andean Pact.

It would therefore be hoped that the signers of the Cartagena Agreement would show their willingness to proceed with recognition of the SDAR.

Perhaps not only the petroleum and mining issues constitute an obstacle, but fishing as well. For the SDAR, with its 1,500 km of Atlantic coastline, also possesses one of the largest fishing--specifically shrimp--reservoirs in the world.

Some experts consulted say that it is of interest to Venezuela to give such recognition, since the position of the SDAR is of prime importance, both strategically and politically. The SDAR's demand for independence is supported by the United Nations and it has not only been recognized but internationally defended as well by the rest of the African nations, except for Zaire, Senegal and South Africa, which are OAU members. Its location, almost at the doors of Africa, with access to the ocean, and its wealth and significance as a people fighting for their liberty, could find in our country a means of getting closer to political stability. Thus the Saharans are unselfishly seeking the recognition of the Venezuelan Government because, as Prime Minister Lamine Ahmed pointed out: "Venezuela's recognition would encourage recognition by other nations on the South American continent."

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